

General Information Letter: Under IITA Section 502(a), a corporation qualified to do business in Illinois and required to file a federal income tax return for a taxable year is also required to file an Illinois income tax return for that year.

July 24, 2000

Dear:

This is in response to your letter dated April 28, 2000 in which you state the following:

Our firm represents a Collection Agency domiciled in the State of Tennessee. The Collection Agency has a license to collect delinquent accounts from debtors living in your state and has registered with the Secretary of State. The method of collecting the delinquent accounts is by mail or telephone; they do not have an office or any employees in your state.

We are attempting to determine if our client is required to file any tax returns or special reports with your state, and would appreciate a prompt response.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill.Adm.Code §1200, or on the website <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

Pursuant to Section 502(a) of the Illinois Income Tax Act ("IITA", 35 ILCS 5/502(a)), an Illinois income tax return is required in two situations. For your convenience, enclosed please find a copy of the relevant portion of Section 502(a). The first situation a return is required is when a taxpayer is liable for Illinois income tax. The second situation is, in the case of a corporation qualified to do business in Illinois, when the taxpayer is required to file a federal income tax return, regardless of whether such person is liable for Illinois income tax.

From the limited information you have provided in your letter, it appears that your client is registered with the Illinois Secretary of State and is therefore qualified to do business in Illinois. As a result, your client would be required to file an *Illinois* income tax return if it is required to file a *federal* income tax return. This is true regardless of whether or not your client has any sales in Illinois.

As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

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Sincerely,

Heidi Scott

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